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Second country cooperation framework for Mozambique (2002-2006)

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Introduction

1. The second Government of Mozambique/UNDP country cooperation framework (CCF) (2002-2006) is the outcome of a participatory consultative process involving the Government of Mozambique, key bilateral and multilateral development partners and civil society organizations. Its content is drawn from national development priorities outlined in the Government's *Plano de Acção para a Redução de Probeza Absoluta (PARPA)* (Action Plan for the Reduction of Absolute Poverty (2001-2005)), the National Five-Year Development Programme (2000-2004), the United Nations Common Country Assessment (2000) and the United Nations Development Assistance Framework (2001) and findings of the UNDP Country Office Review, undertaken in September 2000. Due note has been taken of the country office's revised strategic results framework (SRF) (2001), the Country Office Management Plan (COMP, 2001) as well as the UNDP Business Plan (2000-2003), including the six priorities for UNDP global practice. The second CCF has been harmonized with the programming cycles of the United Nations Development Group (UNDG) agencies operating in Mozambique.

I. Development situation from a sustainable human development perspective

2. Overall, Mozambique has made significant progress in recent years, characterized by the introduction of political pluralism and the adoption of market-based economic policies, including far-reaching structural reforms through liberalization and privatization. The net result has been rapid economic growth and macroeconomic stability over the last decade. The country's participation in the Enhanced Highly Indebted Poor Countries (E-HIPC) facility has also reduced its external debt from $2.7 billion to about $800 million in current net value terms.

3. The achievements on the macroeconomic front notwithstanding, the country continues to face several development challenges, including the need to maintain high growth, reduce widespread poverty, strengthen democracy and political stability, reduce unemployment levels, enhance gender equality in political as well as economic life, reduce the high incidence of HIV/AIDS and reduce vulnerability to natural calamities.

4. The 2000 global *Human Development Report* ranked Mozambique 168 out of 174 countries, with a human development index (HDI) of 0.341. Despite the high growth rates of the past decade, nearly 70 per cent of the population still lives below the national poverty line, estimated at $0.40 per day. Women are particularly vulnerable to impoverishment, owing to historical and cultural factors and their continued limited access to education and employment opportunities.

5. The government strategy to address the problem of widespread poverty is articulated in its PARPA, whose medium-term goal is to reduce the incidence of absolute poverty by 30 per cent within the decade, and by a further 20 per cent by 2015, in order to meet the Millennium Summit targets. The programme recognizes that poverty is a multisectoral and multidimensional challenge, which requires an integrated and holistic response. Accordingly, PARPA embodies components of various national policies and strategies on population, food security, unemployment and HIV/AIDS, and it places considerable emphasis on increasing agricultural productivity and institutional capacity-building. The PARPA, in its final form, will constitute the country's Poverty Reduction Strategy Paper (PRSP), providing the basis for country's participation in the E-HIPC facility.

6. The HIV/AIDS epidemic in particular is emerging as a major development threat, affecting approximately 16 per cent of the adult population. Apart from its negative economic impact, it is estimated that HIV/AIDS will, if unchecked, lower the current life expectancy from 42.5 to 35.9 years by 2010, according to the *1999 National Human Development Report*. The UNDAF identifies HIV/AIDS as the key priority of the United Nations Development Group agencies in the period 2002-2006, with a target of 25 per cent of core resources to be allocated by each agency to this component.

7. The main challenges in the area of governance, reflecting the transition from a centralized to a pluralistic system of governance, include the need for greater decentralization and deconcentration of decision-making authority, greater participation of civil society, in particular women, at all levels of the

decision-making processes, and in a general sense, the need to improve accountability and transparency in the conduct of public affairs.

II. Results and lessons of past cooperation

8. UNDP support under the first CCF (1998-2001) was provided through interventions in four thematic areas: (a) poverty eradication; (b) environment and natural resources management; (c) economic and financial management; and (d) good governance. A fifth non-core but increasingly significant intervention emerged in the area of coordination of multi-bilateral support for mine action.

A. Key results

9. Building on its trusted partnerships with the Government and the donor community, UNDP was able to mobilize approximately $100 million over and above its basic target for resource assignment from the core allocation of $30 million. UNDP also assisted the Government in organizing an international appeal conference in Rome in May 2000, with support from the Government of Italy. The conference raised approximately $450 million for reconstruction and rehabilitation projects in response to the 2000 floods.

10. Substantively, UNDP played a critical role in several key development areas over the course of the first CCF, the most significant being the coordination of considerable multi-bilateral support for capacity-building activities in sensitive areas of governance, such as the police service, the administration of justice, the institution of parliament, the parliamentary and presidential elections of 1999, the development of independent media, and facilitation of dialogue and rapprochement between the Government, its main opposition, and civil society, through the mechanism of long-term perspective studies. Support has made a modest but noticeable contribution to the ongoing national efforts to strengthen and consolidate democracy, democratic institutions and the rule of law in Mozambique.

11. Equally important, UNDP and the United Nations Capital Development Fund (UNCDF) with cofinancing from the Netherlands, piloted participatory district planning and financing methodologies in the Nampula Province, with the objective of enhancing transparency and accountability in local governance and decision-making processes. The successful pilot, which has now been adopted as the official national policy framework for development planning at the district level, will now be up scaled through a World Bank-International Development Association credit estimated at $30 million and will also be adopted and replicated by several bilateral donors working in the area of district planning.

12. Other notable results areas include the technical and coordination support provided to the Government in the elaboration of its national and provincial HIV/AIDS strategy and action plans, culminating in the organization of the HIV/AIDS Round Table in November 2000, which raised approximately $105 million in pledges. UNDP, working through United Nations Volunteers (UNVs), also introduced participatory methodologies for community mobilization for poverty eradication at the provincial and district administration levels.

B. Lessons learned

13. Drawing on the findings and recommendations of the Country Office Review, carried out in September 2000, and on ongoing feedback from the Government and other partners and stakeholders, UNDP will pay particular attention to the following lessons and issues in the preparation of the second CCF and its constituent programmes and projects:

(a) Reducing the number of thematic areas and related programmes and projects, and ensuring that the subprogrammes are formulated in a programmatic framework with clearly articulated linkages and synergies within and between them;

(b) Paying attention to issues of national ownership, capacity-building and sustainability of UNDP supported-interventions in the application of the national execution modality;

(c) Institutionalizing a results-based orientation at all stages of the programme development and the management cycle, and, equally important, ensuring that the concept and practice of "mainstreaming" is clearly defined, along with the attendant mechanisms for tracking and measuring progress in its application;

(d) Developing programmes and projects that demonstrate potential impact on the creation of an enabling policy and regulatory environment for social, economic, and political reforms and poverty eradication.

III. Objectives, programme areas and expected results

14. **Strategy**. In conformity with the development priorities outlined in the PARPA and the strategic objectives of the UNDAF, namely, to promote the rights of personal security, promote the right to knowledge and long and healthy lives, promote the right to sustainable livelihoods, and promote the right to full participation, equity and protection, the overriding objective of the second CCF is to support national efforts to reduce the incidence of absolute poverty in Mozambique by 30 per cent within the first decade of the new millennium. This objective will be realized through upstream and capacity-building-related activities in two programme areas, Poverty reduction and democratic governance. Under the programme area of poverty reduction, UNDP will support interventions that will impact poverty in a direct way, such as the promotion of pro-poor macroeconomic and employment policies and strategies, the cultivation of an enabling environment for micro- and small-scale enterprise development and support for strategies and initiatives that reduce the development impact of the HIV/AIDS epidemic. Under the programme area, democratic governance, UNDP will support efforts to strengthen key democratic institutions, enhance the effectiveness of selected public sector institutions and promote participatory local governance.

15. Activities under the two programme areas will pay particular attention to two crosscutting concerns, gender and human rights. Gender concerns will be mainstreamed through systematic analysis and measurement of the impact of programme-related activities and decisions on women and men, while human rights principles and standards will be integrated into all aspects of programme development and management.

16. In line with the new thrust in UNDP global practice, the second CCF will promote a two-pronged intervention strategy: (a) upstream policy formulation and advocacy for enabling legislation and regulatory environment for poverty reduction and democratic governance; and (b) institutional development, coupled with highly selective downstream activities linked to the upstream initiatives. This approach will be applied flexibly, to allow UNDP to take advantage of emerging opportunities for partnerships and resource mobilization, particularly within the framework of the United Nations Development Assistance Framework (UNDAF).

A. Support for Poverty Reduction Initiatives

17. As described below, UNDP support will be provided in a programmatic framework of three interrelated and mutually-supportive components.

Employment Generation through Enterprise Promotion

18. UNDP support to the sector will be provided within the framework of the United Nations Industrial Development Organization Integrated Programme and the Enterprise Mozambique Project, and expand on microfinance activities initiated during the first CCF, focusing on both upstream work and institutional capacity-strengthening. Strategic external partners in this respect will include the Special Unit for Microfinance and the United Nations Capital Development Fund, the United Nations Fund for International Partnership, the International Labour Organization, the African Development Bank, Australia, the Food and Agriculture Organization of the United Nations, and Italy (the United Nations Office for Project Services (UNOPS) Human Development Programme at Local Level and the Anti-Poverty Partnership Initiative). Expected results and outcomes will include a coherent and enabling regulatory framework for the sector, at least 10 indigenous microfinance institutions capacitated to provide financial services to at least 50,000 clients, utilizing Consultative Group to Assist the Poorest best practices principles, approximately 100 micro- and small- and medium-scale enterprises established or expanded, and reduced levels of absolute poverty in the targeted communities.

Promotion of Community-based Poverty Initiatives

19. Under this component, UNDP will pilot several community-based sustainable livelihoods initiatives aimed at the special needs of disadvantaged youth, women and the unemployed, within the context of the National Integrated Programme for Social Action, Employment and Youth. Strategic external partners in this intervention include UNV/Swiss Cooperation, the European Union, France, Germany and Italy (UNOPS/Human Development Programme at Local level). Expected results and outcomes from this component include a national strategic framework for sustainable rural development interventions, a fully capacitated National Commission for Social Reintegration and reduced levels of absolute poverty and sustainable use and management of natural resources in the targeted communities in the provinces of Maputo, Manica, Sofala, Inhambane, Nampula and Gaza.

Mitigation of the Socio-Economic Impact of HIV/AIDS

20. UNDP will work within the framework of a United Nations Joint Response on HIV/AIDS designed to strengthen national and subnational institutional capacities to implement the National HIV/AIDS Strategy and Action Plan. UNDP strategic external partners in this respect include the United Nations Country Team, the United Kingdom, the World Bank, the Joint United Nations Programme on HIV/AIDS and the UNDP Regional Project on HIV/AIDS. UNDP support is expected to contribute to increased national and provincial capacities for HIV/AIDS mapping and planning and implementing multisectoral responses to the epidemic, with the net outcome of reduction in foreseen levels of sero-prevalence rates from the current levels of 16 per cent, especially among the youth.

B. Promotion of Democratic Governance

21. The PARPA and UNDAF identify democratic governance as a necessary condition for the success of the national poverty reduction strategy. UNDP support will consolidate and build on several governance initiatives developed during the first CCF, within the framework of three interrelated subprogrammes:

Promoting Participatory Local Governance

22. **Decentralization and local governance**. UNDP/UNCDF support in this area will focus on capacity-building for participatory development planning and management at provincial and district levels, and upstream work at the centre to turn lessons learned on the ground into national policy measures. Key partners working in this area include the World Bank, UNICEF, Ireland, Italy (the United Nations Office for Project Services Human Development Programme at Local level/PDHL), the Netherlands and Norway. The expected results include the elaboration of a national policy framework for participatory local governance, coupled with increased capacity in three to five districts per province to implement national policies and programmes with meaningful local participation.

Enhancing Efficiency in the Public sector

23. **Civil service reform**. UNDP will extend its earlier upstream support for the elaboration of the Public Sector Reform Programme (2001) through capacity-building of the *Instituto Médio da Administração Pública* (IMAP) and providing integrated short- and long-term training for entry- and middle-level civil servants. The main external partners in this endeavour include the World Bank, Norway, Ireland, United Kingdom, Denmark and Portugal. It is foreseen that during the period of the CCF, approximately 30 per cent of the professional-level civil servants will have received new or further training in public administration and management, and the substantive capacity of IMAP will have been improved through new curricula and skills upgrading of its instructors, thus enhancing the general capacity of the civil service to efficiently and equitably provide public services.

24. **Economic management**. Under this component, UNDP will provide capacity-building support to the Ministry of Planning and Finance, through the provision of advisory services, direct support and training for policy formulation, monitoring and evaluation of the implementation of the PARPA, compilation of gender-disaggregated poverty and welfare data and fiscal reforms. UNDP will form partnerships with multilateral and bilateral partners, including United Nations agencies and the Bretton Woods institutions as well as donors currently providing budget support. The expected results include

development of medium-term scenarios for the implementation of the PARPA, improved capacity to review the state budget framework and its implementation by central and provincial levels of the Government and, in general, enhanced national capacity to systematically incorporate poverty dimensions in all macroeconomic policy and planning instruments.

25. **Vulnerability reduction**. UNDP will provide technical assistance to strengthen the coordination capacity of the *Instituto Nacional para a Gestão de Calamidades* for preparedness and mitigation of the impact of natural disasters, and of the *Instituto Nacional de Desminagem* for the coordination of nation-wide mine clearance activities. External partners associated with this initiative include the United Nations Mine Action Service, the Emergency Response Division of UNDP, UNOPS, the Office for the Coordination of Humanitarian Affairs, Italy, Japan, Norway, and the United Kingdom. The expected results include a well-coordinated national disaster management system, a national mine action plan and a long-term, development-oriented vulnerability reduction strategy. The overall impact will be an increasingly fewer number of persons adversely affected by natural disasters and landmine contamination in the course of the second CCF.

Strengthening Key Democratic Institutions

26. **Parliament**. Under this component, UNDP will assist in the formulation of a strategic plan for the modernization of Parliament and will coordinate and facilitate multi-bilateral support designed to increase the effectiveness of Parliament in performing its legislative and oversight functions, as part of the process of strengthening the fledgling democracy and rule of law in Mozambique. Key partners in this initiative include Ireland, the Netherlands, Norway and Portugal, and the expected results and outcomes include increased capacity of the national assembly to prepare rights-based legislation and allocate scarce resources in support of poverty reduction initiatives, paying particular attention to increasing the participation of women in the law-making process.

27. **Justice, law and order**. UNDP will continue its coordination role for multi-bilateral support to improve the capacity of the judiciary and the courts to uphold the rule of law and ensure timely delivery of justice, and the capacity of various organs of the police service to carry out their fundamental responsibilities in the administration of law and order in a manner consistent with a democratic order. Partners involved in this endeavour include Germany, Ireland, the Netherlands, Norway, Portugal, Spain and Switzerland, UNOPS and the United Nations Children's Fund. Expected results and outcomes in the course of the second CCF include a 40 per cent decline in the backlog of pending court cases and a 30 per cent decline in the reported incidents of arbitrary arrests, detention and abuse of authority attributed to members of the police force. In addition, there will be increased operational capacity of police units in the priority areas of the country, namely major transport corridors and big cities, the development of mechanisms of alternative dispute resolution and the emergence of a legal environment conducive of social cohesion, political stability and sustainable human development.

28. **Media**. UNDP, in partnership with the Governments of Denmark, Finland, Norway, Portugal and Sweden and with technical support from the United Nations Educational, Scientific and Cultural Organization, will continue to provide support to strengthen the human, technical and organizational capacity of the independent, community-based media, and public service media, as a means of promoting the development of good governance and democracy in Mozambique. Expected results by the end of the second CCF include an effective independent media, a fully functioning provincial radio emitter allowing coverage of the entire country and increased number of women journalists trained.

29. **Policy support project**. Over and above the two core programme areas, UNDP will develop a quick disbursement project facility to support topical but non-programme-specific initiatives on emerging policy and other development issues in the course of the second CCF. Such initiatives will include analytical work in support of upstream policy and advisory services, advocacy through National Human Development Reports, the Occasional Papers Series and a development forum, and facilitating the implementation of an information and communication technology (ICT) policy framework in Mozambique.

IV. Management arrangements

30. **Aid coordination**. As part of upstream support under the second CCF, UNDP will provide technical

assistance to strengthen government leadership of the national development agenda and process through better coordination and management of official development assistance. In this regard, UNDP will support the Government coordinating authority (*Ministerio dos Negocios Estrangeiros e Cooperação* (MINEC)) in three specific areas: (a) developing a new technical cooperation policy framework; (b) simplifying and harmonizing donor procedures and accountability requirements in order to reduce the transactions costs of external assistance, drawing on the evolving experience with sector-wide approaches; and (c) developing a time series database of technical and capital assistance flows, which will enable the Government to better integrate external resources into national development programmes.

31. **CCF management**. Oversight for the second CCF will be vested in a Steering Committee, which will be jointly chaired by MINEC and UNDP, and comprise the key stakeholders of the CCF, namely technical ministries and selected national and international partners, in particular UNDG agencies. Under the auspices of the Steering Committee, the second CCF will be subject to annual reviews to determine overall progress towards the attainment of results specified in the CCF and the two programme areas. An external assessment of the CCF will be undertaken in 2005, to determine the extent to which the implementation of the CCF and its programmes has met or is meeting its overall objectives and results and the pertinent lessons for the third CCF.

32. National execution will remain the preferred modality for the management of programmes under the second CCF. This principle will be applied in the broader sense of involving national institutions and non-governmental organizations that have proven technical and administrative capacities and can be held fully accountable for resource management and the achievement of results. Special measures will be taken to bolster capacity for national execution through training and to improve national ownership and prospects of sustainability of development programmes.

33. To ensure high-quality programmes and upstream advisory services, the second CCF envisages regular utilization of the accumulated knowledge, capacities and expertise within the United Nations specialized agencies, and accessing expertise through the Subregional Resource Facility network and the UNV programme. In addition, the sharing of relevant experiences among developing countries will be encouraged through the modality of technical cooperation among developing countries.

34. Project management will be guided by the principles of results-based management, utilizing three existing instruments, the SRF, the COMP and the results-oriented annual report. The two programme areas will be interlinked through coordinated work planning and participatory monitoring, evaluation and reporting processes, in order to facilitate a holistic approach to UNDP assistance.

35. **Resource mobilization and partnership strategy**. The second CCF will seek to consolidate and build on the resource mobilization successes of the first CCF and on the UNDP position of a trusted partner of the Government. The strategy will essentially seek to position UNDP core funds as "seed money", to leverage third-party cofinancing and thematic trust-fund resources and also pursue parallel financing arrangements. In particular, all programmes will be designed to maximize collaboration and resource mobilization from a range of sources and will adopt a partnership-based approach to implementation. Equally important, the strategy will go beyond financial partnerships to include facilitating access to knowledge, know-how and capacities available through the global network of United Nations agencies, the UNDP global and regional resource facilities and other sources of expertise and knowledge.

36. **Resident coordinator system**. In keeping with the assessment provided in the CCA (2000) and the UNDAF (2001), UNDP will continue to place particular importance on the effective and team-driven management of the Resident Coordinator System, paying attention to the special needs of non-resident agencies. In this context, UNDP will seek to build on the recent achievements of the United Nations Country Team, symbolized by the harmonization of the programming cycles, the successful preparation of the second generation CCA and UNDAF, upon which agency-specific programmes have been based, and joint programming. New processes will be developed to facilitate collaborative programming and common monitoring, evaluation and reporting on the performance of the UNDAF (2002-2006).

Annex

Resource mobilization target table for Mozambique (2002-2006)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over	3 952	Includes carry-over of TRAC 1, TRAC 2 and the earlier AOS allocation.
TRAC 1.1.1	19 160	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	1 000	
Subtotal	**24 112**[a]	
UNDP other resources		
Government cost-sharing	-	
Third party cost-sharing	48 000	
Funds, trust funds and other	12 000	
of which		
UNCDF	2 000	
Other trust funds	10 000	
Subtotal	**60 000**	
Grand total	**84 112**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNCDF = United Nations Capital Development Fund.